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May 6, 2004

Ex Parte

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW, Portals
Washington, DC 20554

RE: Appropriate Framework for Broadband Access to the Internet over Wireline Facilities CC Docket No. 02-33, Section 272(f)(1) Sunset of the BOC Separate Affiliate and Related Requirements WC 02-112, Review of Regulatory Requirements for Incumbent LEC Broadband Telecommunications Services CC Docket No. 01-337, Review of the Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers CC Docket No. 01-338, Appropriate Regulatory Treatment for Broadband Access to the Internet Over Cable Facilities CC Docket No. 02-52

Dear Ms. Dortch:

On May 5, 2004, William Randolph, Edwin Shimizu and Paul Brigner from Verizon met with Robert Pepper, Chief of Policy Development, to discuss Verizon's vision for broadband deployment and the competitive environment in the broadband market. The attached presentation covers the major points of discussion.

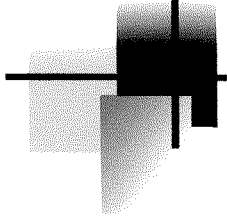
If you have any questions about this matter, please do not hesitate to contact me on 202-515-2532.

Sincerely,

A handwritten signature in black ink that reads "Paul Brigner". The signature is stylized with a large, looped "P" and a cursive "Brigner".

Attachment

cc: Robert Pepper



Delivering the Promise of a Broadband Future – Today



May 5, 2004



President's vision on broadband

- ◆ “This country needs a national goal for broadband technology, for the spread of broadband technology. We ought to have a universal, affordable access for broadband technology by the year 2007...”
President George W. Bush – March 26, 2004
- ◆ “[A] proper role for the government is to clear regulatory hurdles so those who are going to make investments do so. Broadband is going to spread because it's going to make sense for private sector companies to spread it so long as the regulatory burden is reduced – in other words, so long as policy at the government level encourages people to invest, not discourages investment.”
President George W. Bush – April 26, 2004



Chairman's vision on broadband

- ◆ “Based on what we currently know, the case for government imposed regulations regarding the use or provision of broadband content, applications and devices is unconvincing and speculative.”

FCC Chairman Michael Powell – February 8, 2004

- ◆ “I have said something of this already. But let me be more blunt. When someone advocates regulatory regimes for broadband that look like, smell like, feel like common carriage, scream at them! They will almost always suggest it is just a ‘light touch.’ Demand to see the size of the hand that is going to lay its finger on the market. Insist on knowing where it all stops.”

FCC Commissioner Michael Powell – October 25, 2001



Public perspectives on broadband

- ◆ “Thanks to price controls and an industrial policy that ignores property rights, the Baby Bells have not invested as much as they otherwise would have in upgrading their networks for broadband. It also stands to reason that AT&T and MCI have underinvested in building their own networks because leasing access to the Bells’ at artificially low rates is a more attractive option. ”

Wall Street Journal editorial – May 4, 2004

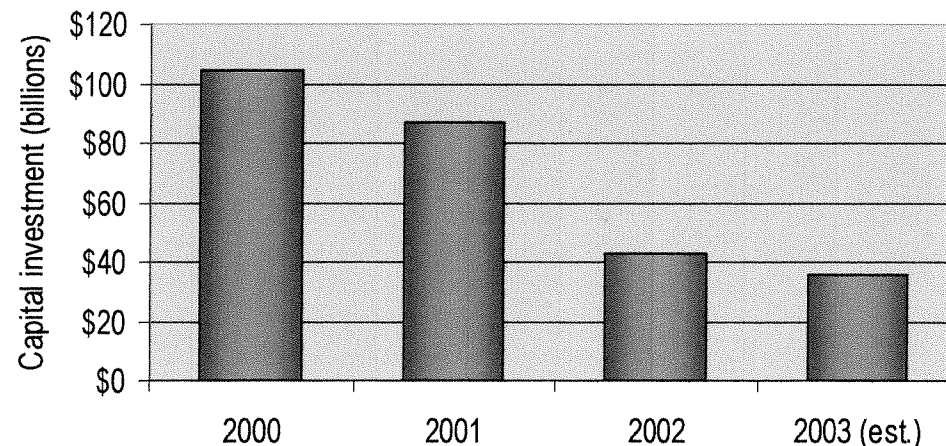
- ◆ “In a world where voice, pictures and data all travel as intermingled digits over telephone lines, cable lines, wireless signals and satellite signals, there needs to be one set of rules that applies to all providers – not one set for wireline telephone companies and another for everyone else.” Opinion piece, *Wall Street Journal* – May 4, 2004

Broadband investments can trigger economic benefits

- ◆ Below-cost TELRIC rates have contributed to an overall decline in facilities investment in the telecom industry – more than \$60 billion since 2000.
- ◆ A deregulatory broadband policy can stimulate investment in the telecom sector, which can be an engine for U.S. economic growth.

Telecom Capital Investment

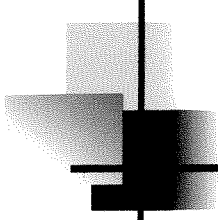
[Source: Skyline Marketing Group, June 2003]





The FCC and Courts support a deregulatory approach to broadband

- ◆ FCC's Triennial Review Order
 - The FCC decided against requiring the unbundling of the broadband capabilities of hybrid copper loops, fiber-to-the-home loops, or the high-frequency portion of copper loops, finding that such obligations "would blunt the deployment of advanced telecommunications infrastructure by incumbent LECs and the incentive for competitive LECs to invest in their own facilities."
 - The FCC also declined to require the unbundling of stand-alone packet switching.
- ◆ DC Circuit Court of Appeals
 - The court found that "an unbundling order's impact on investment" must be considered given the goal of Section 706 to move beyond "competition piggy-backed on ILEC facilities...[by] removing barriers to infrastructure investment."

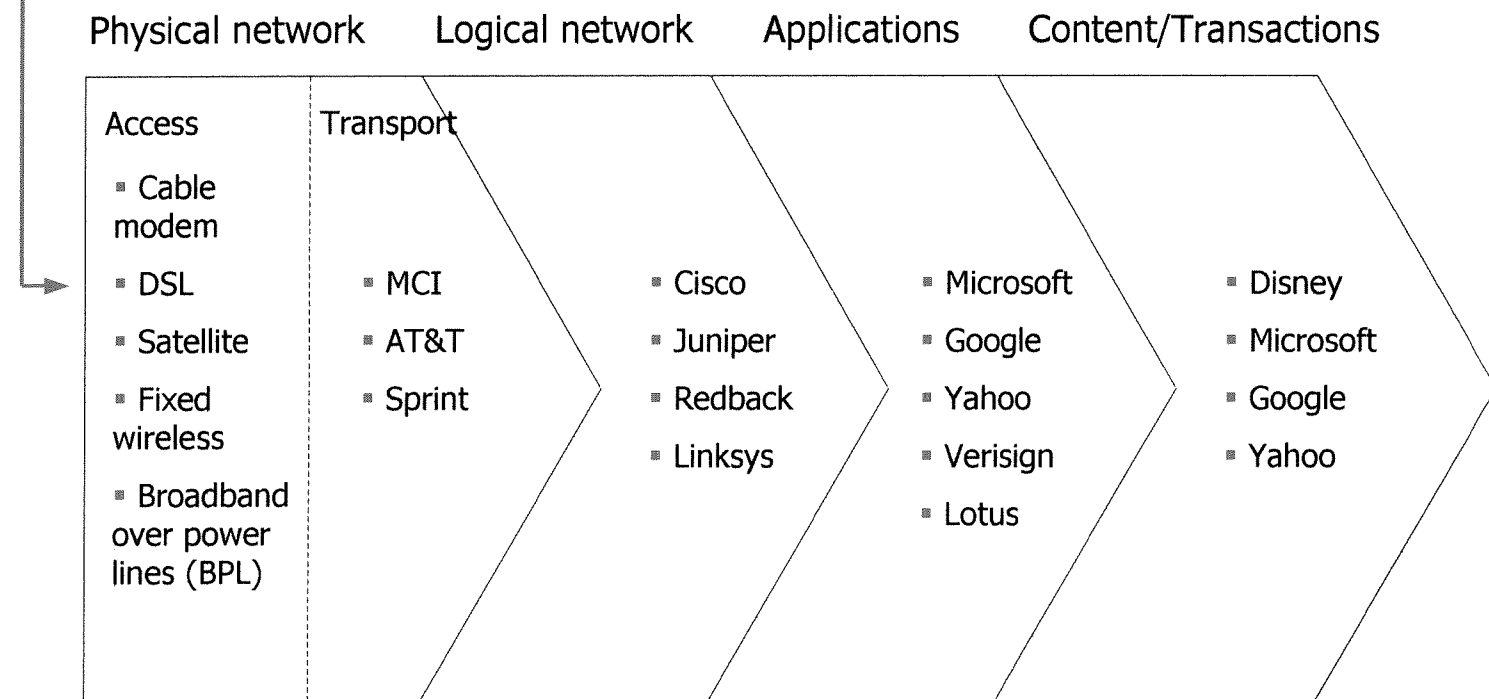


Verizon already is delivering on the promise of broadband

- ◆ Verizon has initiated an aggressive rollout of broadband facilities, based on the FCC's actions in the TRO and the Chairman's deregulatory vision for broadband.
- ◆ Fiber-to-the-premises (FTTP) deployment
 - Deploy FTTP in 100+ central offices in nine states in 2004
 - Invest \$800+ million in 2004 to deploy FTTP
 - Pass 1 million homes in 2004
 - Provide transmission capability up to 622 Mbps (sending) and 155 Mbps (receiving)
- ◆ Packet switching platform
 - Deploy Nortel Networks equipment in local and long distance networks

Internet value chain is dependent on each link of the chain

- ◆ MCI argues that the FCC should regulate only ILEC-provisioned DSL at the access level.

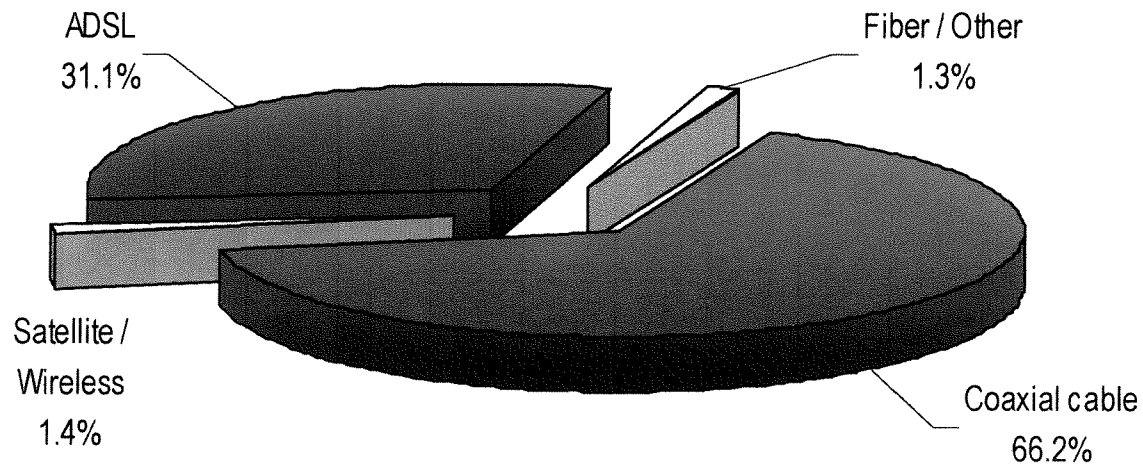


Cable operators are the dominant providers of broadband Internet access

- ◆ Cable modem service has a 2-1 edge over DSL service in the mass market.

Residential / Small Business High-Speed Lines

[Source: *High-Speed Services for Internet Access*, FCC, Dec. 22, 2003]





FCC must define and implement a national broadband policy

- ◆ Triennial Review Order “clean up”
 - Multiple unit premises – Clarify that fiber delivered to the basements of multiple unit premises are considered FTTP loops.
 - Mass market definition – Clearly define the distinction between “mass market” and “enterprise” customers.
 - Section 271 forbearance – Forbear from applying any separate unbundling obligations under Section 271.
- ◆ Title I / Title II
 - The Ninth Circuit Court’s *Brand X* decision is not a barrier to adopting a national broadband policy because it did not limit the FCC’s ability to classify broadband transmission services as private carriage under Title I.
 - The FCC also should forbear from Title II regulation of broadband.